

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -SEPTEMBER 18, 2007- -7:30 P.M.

Mayor Johnson convened the Regular City Council Meeting at 8:02 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

AGENDA CHANGES

None.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY AND ANNOUNCEMENTS

(07-445) Proclamation encouraging participation in Peoples Republic of China Flag raising ceremony in support of Wuxi, China Sister City activities.

Mayor Johnson read and presented the proclamation to Dr. Nancy Li, Friends of Wuxi.

(07-446) Proclamation declaring the week of October 7 through 13, 2007 as Public Power Week.

Mayor Johnson read and presented the proclamation to the Alameda Power and Telecom (AP&T) General Manager.

Mayor Johnson stated Alameda is contributing to the Trinity River Restoration Project; requested that the AP&T General Manager comment on the issue.

The AP&T General Manager stated the Central Valley Project Improvement Act was established in 1992; Alameda has contributed millions of dollars; the administration has gone back to review how well the money was spent; a report would be coming out shortly.

Mayor Johnson stated Alameda should be proud of participating in the project.

The AP&T General Manager stated Alameda invested money to protect and rehabilitate the environment and also invested in renewable resources back in the 1980's when it was not trendy to do so; Alameda's renewable resources are 85% carbon free; emission rates are approximately half of Pacific Gas & Electric's (PG&E's) and

approximately one third of the State average.

CONSENT CALENDAR

Mayor Johnson announced that the recommendation to approve Annual Report [paragraph no. 07-449], the recommendation to approve the agreement [paragraph no. 07-450], and Resolution Authorizing the City Manager [paragraph no 07-453] were removed from the Consent Calendar for discussion.

Vice Mayor Tam moved approval of the remainder of the Consent Calendar.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*07-447) Minutes of the Special and Regular City Council Meetings held on September 4, 2007. Approved.

(*07-448) Ratified bills in the amount of \$12,315,155.77.

(07-449) Recommendation to approve Annual Report on the Managed Investment Portfolio.

Councilmember Gilmore stated PFM Asset Management and Chandler Asset Management were selected for investment portfolio management in June 2002; the staff report compares PFM Asset Management and Chandler Asset Management returns to the Merrill Lynch benchmark; inquired whether PFM Asset Management and Chandler Asset Management were compared to previous asset managers, not just benchmarks.

The City Treasurer responded staff previously managed the portfolio; stated the City later decided to split the portfolio between the two asset managers; the two asset managers were given the mandate to perform relative to a certain benchmark; typically, management performance is measured versus the benchmark; the City's investment strategies are constrained; managers do not have the opportunity to set themselves far apart from others.

Councilmember Gilmore stated that she was not aware that the City changed to private asset management recently; comparing pervious asset managers would have been a good idea if the City had previous asset managers.

The City Treasurer stated the Finance Director is in communication with other cities; the County Treasurer stated that the City is on

the right track; peers provide feedback on the City's strategies; the asset managers have done quite well; he is more comfortable and confident with the money being in professional hands; the current environment is volatile.

Mayor Johnson inquired whether the City has a multi-year Contract [with the asset managers].

The City Treasurer responded in the affirmative; stated the Contract can be terminated, and the City can replace the asset managers at any time.

Vice Mayor Tam stated that municipalities are ultra conservative with investments; the total rate of return is 3.3%; most pension funds have a 6% to 8% return; inquired what is the main difference in the spread of the portfolios; further inquired whether the City has opportunities to earn more money.

The City Treasurer responded an Orange County manager was involved in some esoteric strategies that ended pushing Orange County into bankruptcy; stated the City's investment parameters are very restricted; the City can invest in 0-5 year maturity bonds; many pension funds invest in long-term bonds, which pay a higher interest rate; the City tries to provide a benchmark that is relevant to what can be done; bonds benefit from bad financial news and gain value when interest rates go down; interest rates go down when the economy is slow; the City has a high quality portfolio; what is going on today does not impact the City's portfolio but might impact finances in other ways.

Councilmember deHaan stated the flattening hurts because the budget anticipates growth.

The City Treasurer stated the portfolio will generate enough income only if the budget grows at the rate of inflation; concerns are with the revenue side; more will be known in the next couple of months.

Vice Mayor Tam moved approval of the staff recommendation.

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote - 5.

(07-450) Recommendation to approve the agreement relating to Combustion Turbine Project Number One.

Councilmember deHaan inquired where the combustion turbine is

located, to which the AP&T General Manager responded near Rosenblum Winery.

Councilmember deHaan inquired whether fossil fuel is used.

The AP&T General Manager responded natural gas is used to generate electricity; two units are located in Alameda, two in Roseville, and one in Lodi; natural gas is used to generate power; the heat rate is very high; the units are expensive to run; the primary use is reliability; Alameda is electrically interconnected to the regional grid; the combustion turbines (CT's) provide reliability benefits to the entire East Bay; the CT's ran 1% of all available hours in 2005 and approximately 4% in 2006; 10% is the maximum amount of running hours.

Councilmember deHaan stated the grid could be backfilled with additional power at peak capacity; inquired whether CT1 was developed as an emergency backup for the former Base.

The AP&T General Manager responded CT1 was built by NCPA; stated the City had an interconnection agreement with PG&E; PG&E would charge an extremely high fee for exceeded loads; more than ten northern California cities built CT's and hydro-electric plants as ways to mitigate the cost.

Councilmember deHaan inquired whether the City would have an opportunity to receive a greater share [of ownership].

The AP&T General Manager responded the matter was brought to the Public Utilities Board (PUB) last night and was approved unanimously; stated the matter was also brought to the NCPA Commission's August meeting and was approved unanimously; Alameda will continue to have the same amount of megawatts; the only difference is that Alameda will own more megawatts in the Alameda and Lodi units; Alameda will relinquish rights to the Roseville units; rules changed in 2005; the Roseville unit went into the Sacramento Municipal Utility District (SMUD) control area and was electrically isolated from other owners; California grid owners could not get the value of the unit; the proposed action realigns ownership percentages.

Councilmember deHaan inquired how the turbines fit into future operation plans; further inquired whether the turbines have a life expectancy and whether the City would ever have control.

The AP&T General Manager responded the City has joint control with NCPA; stated some PG&E plants are forty years old; loads continue

to grow in California; generation is not keeping up with the pace; the problem has exasperated in the Bay Area; congestion pricing will be implemented next year; prices have the potential to go up in areas where there is not sufficient generation.

Councilmember deHaan inquired whether usage would be more than 1% or 4% per year.

The AP&T General Manager responded the maximum usage is 10%; stated the unit is called a reliability must run (RMR) unit; the California Independent System Operator performs a study of California and sub-regions from a reliability perspective every year; the study is done in consultation with stakeholders all over the State; certain units are designated RMR at the end of the study.

Councilmember deHaan stated that he has no problem with moving forward on the matter since there is an exchange of ownership; he has concerns with continuing to run a gas turbine; he hopes that gas turbines will not be used in Alameda in the future; the obligation could go on forever with NCPA.

The AP&T General Manager stated that he would include tonight's comments into the PUB's long-term planning efforts; the matter is a reliability issue; everyone needs to work together to support the grid; natural gas is much cleaner; Alameda is the best, or among the top three, in the State with regard to overall carbon footprint; carbon footprint reduction efforts will continue.

Councilmember deHaan stated that Assembly Bill 32 mandates lowering the footprint; he would not like to see more than 3% or 4% usage.

Councilmember deHaan moved approval of the staff recommendation.

Mayor Johnson inquired what is the status of the congestion fees.

The AP&T General Manager responded congestion fees are in place now; stated the matter will become more complicated starting April 1, 2008; one regulatory victory has allowed averaging some of the pricing points across the Bay Area, but may not be permanent.

Mayor Johnson stated that Councilmember deHaan made a good point regarding plans for the future; other producers may be forced to put in less green energy to fulfill the needs of the overall grid if decisions are made not to use the turbines more than 3% or 4%; arbitrary limits should not be set.

Councilmember deHaan stated that he does not want the issue to be misconstrued as arbitrary; lowering carbon footprints will be mandated; 10% usage would cause problems with meeting requirements in the future.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote - 5.

(*07-451) Recommendation to approve amendment to Consultant Agreement with EIP Associates, Inc. to increase the Contract amount by \$57,925 for the completion of an Environmental Impact Report for Harbor Bay Village 6. Accepted.

(*07-452) Recommendation to appropriate \$253,539 in Measure B Paratransit Funds for Non-Mandated Paratransit Program. Accepted.

(07-453) Resolution No. 14144, "Authorizing the City Manager to: 1) Enter into an Agreement with the Bay Area Air Quality Management District for Carl Moyer Program Grants to Replace Two Ferry Vessel Diesel Engines and One Diesel Generator, and 2) Conduct an Open Market Purchase of Two Ferry Vessel Diesel Engines and One Diesel Generator Pursuant to Section 3-15 of the Alameda City Charter, and Execute the Purchase Agreements." Adopted.

Vice Mayor Tam stated that she is supportive of the plans to replace the diesel engines with a more efficient system; State legislators approved the formation of the Water Emergency Transit Authority, which will eventually take over the Alameda and Vallejo systems; inquired whether opportunities would exist to recover investments.

The Public Works Director responded the current legislation is not clear on whether Alameda would be compensated for the investment; stated Alameda is strategically seeking cleanup legislation.

Councilmember deHaan inquired whether the local match is coming from Measure B funding.

The Public Works Director responded in the affirmative; stated Measure B funding is earmarked for Alameda ferries; Measure B funds were not used when the ferry service was established in 1989; Alameda used funds that could have gone into street and sidewalk maintenance; the City is seeking reimbursement for said investment.

Councilmember deHaan inquired whether the funding is earmarked now.

The Public Works Director responded in the affirmative; stated most

funds come from Measure B, which are specifically earmarked for ferries; funding also comes from Regional Measure 1, which is toll bridge funds; Transportation Improvement Funds can be used for other activities; contributions are received from the Port of Oakland and Harbor Bay Business Park; Tideland funds have been used in the past.

Vice Mayor Tam inquired whether the project would exhaust the \$535,916 Carl Moyer grant funds and then rely on additional funds from Regional Measure 1 and Measure B, to which the Public Works Director responded in the affirmative.

Mayor Johnson inquired whether there are other uses for the funds.

The Public Works Director responded the funds are for ferries.

Councilmember deHaan inquired whether the existing Measure B funds are proportional to what other cities are receiving without the ferry funds.

The Public Works Director responded that Measure B funds are based on population and street miles; stated that money is allocated for paratransit and the Broadway/Jackson interchange.

Councilmember deHaan stated that Alameda was in negotiations with the Water Transit Authority at one time.

The Public Works Director stated Alameda wanted assurance that ferry riders would be well represented on any regional agency, current fares would be maintained, and hours would not be reduced; there are concerns on whether Alameda would be represented on the new transit agency and whether the City would be compensated for the assets if infrastructure is taken away.

Councilmember deHaan inquired what is the fare box ratio for the Harbor Bay ferry, to which the Ferry Services Manager responded 42.3% at the end of last fiscal year.

Councilmember Matarrese stated considering carbon footprint implications is good even if the City delivers a ferry service to someone else; he is concerned about labor difficulties with Valley Power in San Leandro; he has heard that employee benefit packages are being reduced.

The Public Works Director stated that he does not know if Valley Power is still on strike; staff is looking for other local vendors.

Vice Mayor Tam moved adoption of the resolution.

Councilmember deHaan seconded the motion, which carried by unanimous voice vote - 5.

Councilmember Matarrese requested a report on the outcome of the discussions with other vendors.

REGULAR AGENDA ITEMS

(07-454) Resolution No. 14145, "Appointing Reginald James to the Social Service Human Relations Board." Adopted.

Councilmember Matarrese moved adoption of the resolution.

Vice Mayor Tam seconded the motion, which carried by unanimous voice vote - 5.

(07-455) Recommendation to accept a Grant from the Assistance to the Firefighters Grant Program for \$275,391 to develop and administer a Technical Rescue Program and appropriate \$68,848 to meet the Grant applicant 20% share requirement.

The Interim Fire Chief provided a brief presentation.

Councilmember Matarrese inquired what is the funding source for the \$68,848, to which the City Manager responded the General Fund reserve.

Councilmember deHaan inquired whether additional funding would be available in future years for on-going training, to which the Interim Fire Chief responded in the affirmative.

Councilmember Matarrese moved approval of the staff recommendation.

Councilmember deHaan seconded the motion, which carried by unanimous voice vote - 5.

Mayor Johnson thanked the Interim Fire Chief for doing an outstanding job; presented the Interim Fire Chief with a City flag and mug.

(07-456) Public Hearing to consider a General Plan Amendment and Rezoning of an existing park/open space area of approximately 10.77 acres. The site is located north of Singleton and Mosley Avenues at 201 Mosley Avenue within the R-4-G, Neighborhood Residential (Special Government) Zoning District;

(07-456A) Resolution No. 14146, "Approving General Plan Amendment (GPA07-0003) to Amend the General Plan Land Use Diagram to Change the Designation of Approximately 10.77 Acres Located North of Singleton and Mosley Avenues at 201 Mosley Avenue, from Medium Density Residential to Parks and Public Open Space." Adopted; and (07-456B) Introduction of Ordinance Reclassifying and Rezoning Approximately 10.77 Acres Located North of Singleton and Mosley Avenues at 201 Mosley Avenue, from R-4-G, Neighborhood Residential (Special Government) to Open Space Zoning Designation. Introduced.

The Planner III gave a brief presentation.

Mayor Johnson opened the public hearing.

Bill Smith, Alameda, discussed housing.

There being no further speakers, Mayor Johnson closed the public portion of the hearing.

Councilmember Matarrese stated that rezoning is a great move to protect the park; he hopes that the same can be done to protect open space areas at the former Base.

Councilmember Matarrese moved adoption of the resolution and introduction of ordinance.

Councilmember deHaan seconded the motion.

Under discussion, Councilmember deHaan stated that the site has been a park for a long time; the park is one of the more recently renovated parks in Alameda and will be a major asset; the site has two soccer fields, a baseball field, and basketball courts.

On the call for the question, the motion carried by unanimous voice vote - 5.

ORAL COMMUNICATIONS, NON-AGENDA

(07-457) Bill Smith, Alameda, discussed mold.

(07-458) Stevon Schwartz, Alameda, suggested making the nine-hole golf course an eighteen-hole putting course.

Mayor Johnson suggested that Mr. Schwartz attend the Golf Commission meeting tomorrow night.

COUNCIL COMMUNICATIONS

(07-459) Vice Mayor Tam stated that she attended the League of California Cities Annual Conference from September 5 through September 8; the League failed to work with a bi-partisan State Legislator to get Assembly Constitutional Amendment No. 8, which relates to eminent domain reform, on the ballot; a Howard Jarvis group will try to place a competing measure on the ballot to restrict local control on eminent domain; listed the League elected officers; further stated the Assembly voted to support the following resolutions: 1) renewal of the League's grass routes network, 2) infrastructure for the aging population, 3) a 300-foot distance requirement between new residential care facilities, and 4) consolidation of the Office of Emergency Services and Homeland Security in order to reduce redundancies in the roles of the two offices.

(07-460) Councilmember deHaan stated that he attended the League of California Cities Conference; Attorney General Jerry Brown was very candid regarding Assembly Bill 32, which would require reducing emissions to 1990 carbon footprint levels; legislation will not be in place until 2012 and will need to be met by 2020; the Attorney General was wearing a different hat when building out 10,000 residential units in Oakland and is now in the position to sue cities that are not fulfilling the commitment.

(07-461) Councilmember deHaan stated that he took a tour of McClellan Air Force Base on Saturday; the Base had a successful transition because of adaptive reuse with high concentration of uses from the federal, State and county governments; he was delighted to see the Air Museum; seven acres were purchased for \$450,000 after site control was gained.

Mayor Johnson stated that the Air Museum is a beautiful building and is a good example of a successful museum; not all museums are successful; requested that staff provide Alameda Museum with information on the Air Museum's budget, revenue sources, and business plans.

Councilmember deHaan stated that he has the contact information; the real lesson is that there is a common thread with successful conversions; the federal government was not afraid to come in and help; noted that he also had the opportunity to visit the State Senator's office also.

Mayor Johnson inquired how the money was raised to purchase the land.

Councilmember deHaan responded \$1 million was donated; stated a developer brought in a funding stream that provided loan capabilities of up to \$5 million.

Mayor Johnson stated Alameda museums should learn from the example [Air Museum].

(07-462) Councilmember deHaan stated the City has its first green parking lot at Blanding Avenue and Oak Street.

(07-463) Mayor Johnson requested an update on the status of the Bay Trail plans.

(07-464) Mayor Johnson stated that she met with the City of Vallejo and Water Transit Authority (WTA) representatives this morning; Vallejo has the other ferry system most affected by recent legislation; Alameda has always been interested in protecting service and fares and needs to have a guaranteed level of service and representation if the system merges regionally; Vallejo has indicated that there is no intent to purchase the assets; there are a lot of unanswered questions right now.

Councilmember deHaan stated the city needs to see that the WTA has the wherewithal to be able to operate a ferry service; Alameda has been very successful.

Mayor Johnson stated that the regional system participation would not be voluntary.

Councilmember Matarrese requested an official staff report summarizing the details of this morning's meeting; further requested that proceedings be resurrected from previous Council meetings when the WTA made a presentation; stated information is needed from State representatives; the public needs to know what has transpired and what the future may bring; he would like to have the matter placed on the next agenda for discussion.

Mayor Johnson stated everything is moving quickly; people need to be kept informed.

(07-465) Mayor Johnson stated that she attended a joint presentation with the Public Works Department and Supervisor Lai-Bitker regarding the Broadway/Jackson interchange and Tube lighting; the Bay Farm Island Bridge is a CalTrans bridge; there was discussion about having CalTrans use its resources to bring the bridge to lifeline level rather than depleting County resources to

retrofit the Fruitvale Bridge; she and Supervisor Lai-Bitker will send a letter to CalTrans requesting that the matter be included in long-range plans.

(07-466) Mayor Johnson stated that she and the City Manager met with Navy representatives this morning; she is amazed at the Navy's efforts and resources regarding sustainability research, power, and green issues; the Navy conducts a quarterly Partners Sustainability Meeting; she requested information on said meeting; Alameda can learn a lot from the Navy's research; the Navy is very impressed with Alameda's electric cars.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the Regular Meeting at 9:35 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
TUESDAY- -SEPTEMBER 18, 2007- -6:30 p.m.

Mayor Johnson convened the Special Meeting at 6:45 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore,
Matarrese, Tam, and Mayor Johnson - 5.

Absent: None.

The Special Meeting was adjourned to Closed Session to consider:

(07-442) Conference with Legal Counsel - Existing Litigation
(54953.9); Name of Case: Harbor Bay Isle Associates v. City of
Alameda.

(07-443) Conference with Labor Negotiators; Agency Negotiators:
Craig Jory and Human Resources Director; Employee Organizations:
All City Bargaining Units.

Mayor Johnson called a recess to hold the Regular Council meeting
at 7:40 p.m. and reconvened the Closed Session at 9:35 p.m.

Following the Closed Session, the Special Meeting was reconvened
and Mayor Johnson announced that regarding Legal, Council gave
direction regarding settlement parameters; regarding Labor, the
matter was not heard.

Adjournment

There being no further business, Mayor Johnson adjourned the
Special Meeting at 10:15 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown
Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL AND
COMMUNITY IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -SEPTEMBER 18, 2007- -7:25 P.M.

Mayor/Chair Johnson convened the Special Joint Meeting at 7:47 p.m.
Vice Mayor/Commissioner Tam lead the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers/Commissioners deHaan,
Gilmore, Matarrese, Tam, and Mayor/Chair
Johnson - 5.

Absent: None.

SPECIAL ORDERS OF THE DAY

(07-033 CIC) Update on the Alameda Theater, Cineplex, and Parking
Structure Project.

The Redevelopment Manager gave a brief presentation.

Commissioner deHaan inquired whether Alameda Power & Telecom (AP&T)
funding would be available for setting up electric car charging
stations.

The Redevelopment Manager responded that she would check with AP&T.

Commissioner Matarrese inquired when the historic theater blade
sign would be lit.

The Redevelopment Manager responded the target date is December 1;
stated the exact date would be provided.

Chair Johnson stated the blade sign lighting could be coordinated
with the holiday tree lighting; the blade sign lighting should take
place when the front of the theater looks good.

CONSENT CALENDAR

Councilmember/Commissioner Matarrese moved approval of the Consent
Calendar.

Councilmember/Commissioner Gilmore seconded the motion, which
carried by unanimous voice vote - 5. [Note:
Councilmember/Commissioner Gilmore abstained from voting on the
minutes.

[Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*07-444 CC/*07-034 CIC) Minutes of the Special Joint City Council and Community Improvement Commission meeting held on August 7, 2007. Approved.

[Note: Councilmember/Commissioner Gilmore abstained from voting on the minutes.]

(*07-035 CIC) Recommendation to approve the amended Contract with Komorous-Towey Architects, Inc. by increasing the Contract amount by \$15,000 to provide additional Construction Administration Services for the Civic Center Parking Garage. Accepted.

(*07-036 CIC) Recommendation to increase maximum loan amounts for City of Alameda Down Payment Program. Accepted.

AGENDA ITEMS

None.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the Special Joint Meeting at 8:02 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, Community Improvement
Commission

The agenda for this meeting was posted in accordance with the Brown Act.